

**2001 AND 2002 CROP DISASTER PROGRAM:  
SUMMARY OF PROGRAM PROVISIONS  
AND FARM EXAMPLE SHOWING HOW TO CALCULATE PAYMENTS**

**CHOICE OF 2001 OR 2002:** A producer has a choice of receiving payments for crop losses due to weather for either the 2001 crop year or the 2002 crop year, but not both. A producer must choose the same year for all crops for all farms.

**35% LOSS REQUIRED:** A producer is eligible to receive a disaster payment when the producer's crop production is reduced by more than 35 percent from "expected".

**"EXPECTED" YIELD:** The "expected" yield is defined as the higher of: (1) the producer's actual production history (APH) yield (an historical average of a producer's yield); or (2) a county average yield. The **COUNTY AVERAGE YIELD** is determined by the FSA State office, averaging NASS data from 1996 through 2000, after dropping the high and low yields. If NASS data is not available, the State Committee will use the best available data. County average yields may be established for irrigated, non-irrigated, double-crop and other types of planting practices.

**"EXPECTED" PRODUCTION:** A producer's "expected" production is determined by multiplying (1) the planted acres; by (2) the expected yield.

**DISASTER LEVEL (PRODUCTION GUARANTEE):** A producer will be eligible to receive disaster payments when the producer's actual production falls below the producer's acres times the expected yield times 65 percent.

**NET PRODUCTION FOR PAYMENT:** The net production for payment (bushels, pounds, tons) a producer will receive payments on is determined by the subtracting the harvested quantity from the disaster level. For example, a producer who plants 1 acre with an expected yield of 100 bushels but harvests only 65 bushels will not be eligible for any payments because the disaster level (100 bushels times 65 percent, or 65 bushels) minus the 65 bushels harvested equals a net production for payment of zero bushels. If the same producer harvested 64 bushels, the net production for payment would be equal to 1 bushel (the disaster level of 65 bushels minus the 64 bushels harvested). If the same producer harvested no bushels, the net production for payment would equal 65 bushels (the disaster level of 65 bushels minus the 0 bushels harvested).

**PAYMENT RATE (ESTABLISHED PRICE):** For insurable crops, the disaster payment rate is the APH price. For noninsurable crops, the payment rate is the 1996-2000 average market price, after dropping the high and low prices. NASS data will be used if available; if not, the State Committee will use the best available data.

**CALCULATION OF DISASTER PAYMENT BEFORE 95 PERCENT CAP:** If a producer purchased crop insurance, had coverage under the Noninsured Crop Disaster Assistance Program (NAP), or such coverages were not available, the gross disaster payment is calculated by multiplying the net production for payment by 50 percent of the payment rate. For other producers, 45 percent of the payment rate is used.

**NET CROP INSURANCE INDEMNITY:** A producer's net crop insurance indemnity is the gross crop insurance indemnity less the producer-paid premium.

**THE 95 PERCENT RULE:** The sum of (1) the value of the crop harvested; (2) the disaster payment; and (3) the net crop-insurance indemnity can not exceed 95 percent of what the crop's value would have been if there had been no loss. This rule only applies to producers who have received a crop insurance indemnity because non-insured producers could not exceed the 95 percent rule.

**THE VALUE OF THE CROP:** If there had been no loss, the crop will be valued at the higher of the APH price or the applicable market year price. NASS national data will be used if available; if not, the State Committee will use the best available data. To the extent practicable, FSA will use the NASS Feb. 2003 publication, *Crop Values*, to determine the value of the crop. The same publication will be used to determine the value of the crop harvested.

**NET DISASTER PAYMENT:** If the sum of (1) the value of the crop harvested; (2) the disaster payment; and (3) the net crop-insurance indemnity exceeds 95 percent of what the crop's value would have been if there had been no loss, the gross disaster payment will be reduced so such sum does not exceed the "95 percent rule".

**OTHER CONSIDERATIONS:** The above calculations are illustrative of many common situations, but the formula varies for prevented planted acres, failed acres, for crops with fresh and processed markets such as apples, and for production affected by quality.

Row	Formula	Payment Calculator for FSA Crop Disaster Program	
			<b>Corn Example</b>
3	Numbers below refer to row numbers in previous column	Planted acres	1.0
4		Producer's APH yield	123.0
5		1996-2000 county average yield 1/	120.0
6		Harvested production (production to count)	12.3
7	7 / 4	Planted yield (do not enter data; field is calculated)	12.3
8		Did you purchase crop insurance? (Enter yes or no)	yes
9			
10	11 -12	Gross crop insurance indemnity	\$207.07
11		Producer-paid crop insurance premium	\$9.75
12		Net crop insurance indemnity	\$197.32
13		APH crop insurance price election 2/	\$2.00
14		NASS national market price 3/	\$2.35
15			
16	<b>Calculation of Gross Disaster Payment before 95% Cap</b>		
17	4	Planted acres	1.0
18	higher of 5 or 6	Higher of APH or county average yield	123.0
19		Quantity payment rate	65%
20	17* 18* 19	Production guarantee (disaster level)	80.0
21	7	Harvested production (production to count)	12.3
22	20 -21	Net production for payment (payment quantity)	67.7
23	14	APH crop insurance price election 2/	\$2.00
24	45% or 50%	Price payment rate (50% if insured)	50%
25	22 * 23 * 24	FSA gross disaster payment	\$67.65
26	<b>Calculation of 95% cap</b>		
27	4	Acres	1.0
28	higher of 5 or 6	Higher of APH or county average yield	123.0
29	higher of 14 or 15	Higher of APH price or market price	\$2.35
30	27 * 28 * 29	Value of crop @ 100%	\$289.05
31	30 * 95%	Value of crop @ 95%	\$274.60
32	<b>Calculation of Net Disaster Payment after 95% Cap</b>		
33	13	Net Indemnity	\$197.32
34	25	FSA gross disaster payment before 95% cap	\$67.65
35	7 * 29	Value of crop harvested	\$28.91
36	33 + 34 + 35	Total of above	\$293.88
37	Is 36 > 31?	Does above total exceed 95% value?	y
38	36 - 31	If "y", by how much?	\$19.28
39	25 - 38	Net FSA disaster payment	\$48.37
Producer has a choice of receiving disaster payments for either 2001 or 2002 crop year, but not both.			
1/ 1996-00 olympic average county yield will be determined by FSA, using NASS data if available.			
2/ The APH price for your crop and State may be found at: <a href="http://www3.rma.usda.gov/apps/pricesinquiry/">http://www3.rma.usda.gov/apps/pricesinquiry/</a>			
3/ NASS national market prices for 2001 and 2002 will be determined by FSA, using NASS data if available. NASS prices for the 2001 aand 2002 crops have been published in the Feb. 13, 2003 editon of Crop Values and is available at: <a href="http://www.usda.gov/nass/pubs/rpts302.htm">http://www.usda.gov/nass/pubs/rpts302.htm</a> .			
<b>Note:</b> This spreadsheet will work for many producers, but not for all circumstances. As examples, this spreadsheet will not calculate payments correctly for: prevented planted or unharvested acres, crops with fresh and processed markets, such as apples; production that has been affected by quality.			
<b>Disclaimer:</b> FSA is continuing to interpret legislation and develop policy. The formulas in the spreadsheet will not be finalized until the regulation is published in the <i>Federal Register</i> and determinations you make should be based on final program rules and your own verification of your own calculations. You may however use this spreadsheet as one tool to project potential payments; it is one method available by which interested parties, including lenders, may begin to understand how crop disaster payments might be calculated. Again, this tool is for demonstration purposes only and any calculations should be verified independently by the producer or lender based on final program rules.			